

OPERATING MEMORANDUM NO. 1  
TO  
FIRST AMENDED AND RESTATED  
DISPOSITION AND DEVELOPMENT AGREEMENT  
(SOUTH MAIN SENIOR PROJECT)

Re: Extension and Assignment of DDA

A. General Background/Authority

This Operating Memorandum No. 1 (“Operating Memorandum”) is entered into as of June \_\_\_, 2015, by and between the City of Milpitas Housing Authority (the “Housing Authority”) and South Main Senior Lifestyles, LLC (the “Developer”). This Operating Memorandum is entered into in accordance with the terms of Section 10.20 of the Disposition and Development Agreement entered into by and between the Housing Authority and the Developer as of August 18, 2009, as amended by an Amendment entered into as of October 18, 2011, and as fully amended and restated as of November 19, 2013 (collectively, the “Agreement”). Capitalized terms used but not defined in this Operating Memorandum shall have the meanings given in the Agreement.

The purpose of this Operating Memorandum is to implement the terms of the Agreement, with particular reference to Sections 1.4.1, 3.6, 5.1, 7.4, 10.2 and 10.9 of the Agreement and the Schedule of Performance attached thereto as Exhibit D, by (i) extending the dates for the occurrence of certain events set forth in the Agreement and the Schedule of Performance; (ii) approving the Transfer of the Agreement with respect to each Development Phase and its related Development Parcel to one or more joint venture entities to be formed by Developer with a certain equity investor in order to obtain equity capital for the Project; and (iii) approving an Operator for the Project. Paragraph B below sets forth further background and facts in connection with the purposes of this Operating Memorandum.

Section 10.20 of the Agreement expressly authorizes the parties to enter into this Operating Memorandum in order to make mutually acceptable refinements and adjustments with respect to the performance of the Agreement; provides that this Operating Memorandum does not constitute an amendment of the Agreement; and expressly authorizes the Executive Director to execute this Operating Memorandum on behalf of the Housing Authority without prior notice, hearing, or other action of the Housing Authority’s Board. Sections 1.4.1, 3.6, 5.1, 10.2, 10.9 and 10.20 of the Agreement expressly authorize the Executive Director to extend any dates set forth in the Schedule of Performance, to approve any Transfer and to approve an Operator, all by executing this Operating Memorandum in his or her discretion without prior notice, hearing or other action of the Housing Authority’s Board.

B. Agreements

1. Background and Facts. This Operating Memorandum is entered into with reference to the following background and facts:

(a) The Agreement provides a Closing Deadline of November 19, 2015 for the closing of Developer’s acquisition of the Property. Developer has made substantial progress in its prosecution of the Project but, despite the Developer’s diligent efforts in that regard, additional time is needed to satisfy the remaining conditions precedent to the Housing Authority’s conveyance of the Property related to the development of the Phase One Development. Developer has identified an equity investor/developer that will enable Developer to satisfy the remaining conditions precedent and complete the acquisition of the Property in accordance with the Agreement. Sections 3.6, 5.1 and 10.2 of the

Agreement authorize the Executive Director, acting alone in his sole discretion by execution of this Operating Memorandum, to extend the Closing Deadline and other dates set forth in the Schedule of Performance for the satisfaction of certain requirements. Developer has requested an extension of the Closing Deadline from November 19, 2015 until June 30, 2017, with commensurate extensions of the respective outside dates for the commencement and completion of construction of each Development Phase. The Executive Director has determined that granting such request is necessary and appropriate to enable the Developer to continue the development of the Project and otherwise further the purposes of the Agreement.

(b) After reviewing the materials and information submitted by Developer describing the financial condition and track record of The Wolff Company, the Executive Director has determined that The Wolff Company and its affiliates have the qualifications, experience, financial resources and development capacity that are necessary and adequate to competently complete construction of each Development Phase of the Project and to otherwise fulfill the obligations undertaken by the Developer under the Agreement.

(c) Based on the information provided by the Developer describing the identity, financial capacity, operating experience and other qualifications of Integral Senior Living (“ISL”) as the proposed Operator of the Phase One Development, the Executive Director has determined that ISL has the necessary financial capacity and experience to satisfactorily operate the Phase One Development as a “continuum of care” facility in the manner contemplated by the Housing Authority Documents, including providing the types of services and amenities to residents (without regard to income level) generally described in the Scope of Development (Exhibit B to the Agreement) and providing the Affordable Units pursuant to and in accordance with the Phase One Regulatory Agreement.

2. Extensions. The Closing Deadline set forth in Section 3.6 of the Agreement is hereby extended to June 30, 2017, and the due dates set forth in the Schedule of Performance for the following items are hereby also modified as follows:

Item	Section Reference	Action	Due Date
B.16	3.6	Closing	June 30, 2017
B.17	5.1	Commencement of Construction(Phase One)	By the earlier of (a) 30 days after the Closing Date, or (b) 7/31/17
B.18	5.1	Completion of Construction (Phase One)	By the earlier of (a) 24 months after the Closing Date, or (b) July 31, 2019
C.10	5.1	Commencement of Construction (Phase Two)	Unless a later date is agreed upon, by the earlier of (a) 24 months after issuance of Certificate of Completion for Phase One Development, or (b) June 30, 2021
C.11	5.1	Completion of Construction	By the earlier of (a) 24 months after the

		(Phase Two)	commencement of construction, or (b) June 30, 2023
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3. Transfer of DDA. Pursuant to Section 7.4 of the Agreement, the Housing Authority hereby approves the Developer's Transfers of either or both Development Phases (and the portion(s) of the Agreement applicable thereto) to either a single, or two separate, limited partnerships or limited liability company(ies) to be formed between Developer, Wolff Partners LLC and/or Wolff Real Estate Partners LP (and/or other affiliate(s) of The Wolff Company), and of which Wolff Partners LLC or its controlled affiliate will be the managing member or general partner, and such Transfers may occur either separately or together in a single Transfer; *provided however*, that such approval remains subject to the satisfaction of the additional requirements set forth in subsections (b), (c) and (d) of Section 7.4 of the Agreement.

4. Approval of Operator. Pursuant to Section 1.4.1 of the Agreement, Integral Senior Living is hereby approved as the Operator of the Phase One Development; *provided however*, that the form of Operations Agreement to be entered into with the Operator remains subject to the Housing Authority's approval pursuant to Section 1.4.1 of the Agreement.

C. Counterparts

This Operating Memorandum may be executed in counterparts, which when executed by the parties shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Operating Memorandum as of the date first written above.

**HOUSING AUTHORITY:**

**DEVELOPER:**

CITY OF MILPITAS HOUSING AUTHORITY

SOUTH MAIN SENIOR LIFESTYLES, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Executive Director

By: \_\_\_\_\_  
Joseph W. Callahan, Jr.  
Managing Member

**ATTEST:**

By: \_\_\_\_\_  
Housing Authority Secretary

By: \_\_\_\_\_  
James R. Burns II,  
Managing Member

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Housing Authority Counsel





## COMPANY OVERVIEW



**THE WOLFF COMPANY IS A FULLY INTEGRATED, MIDDLE MARKET, REAL ESTATE PRIVATE EQUITY FIRM THAT TRACES ITS LEGACY BACK TO 1949.**

### The Wolff Company

The Wolff Company ("Wolff") is a fully integrated real estate private equity firm that traces its legacy back to 1949. Wolff has invested in, acquired, and developed high-quality multifamily assets for more than six decades. Wolff is headquartered in Scottsdale, Arizona, and maintains offices in Washington, Massachusetts and California.

### Wolff's Track Record

Wolff has a long track record of patiently acquiring and developing proprietarily-sourced multifamily assets and operating them with a view to maximizing investment value. Wolff has invested in more than 22,500 multifamily units and currently manages more than \$1.7 billion of discretionary capital. Since 2000, Wolff has made investments in over 100 multifamily assets and has delivered fully realized gross IRRs of nearly 30.0% for its for-rent multifamily investments.<sup>1</sup>

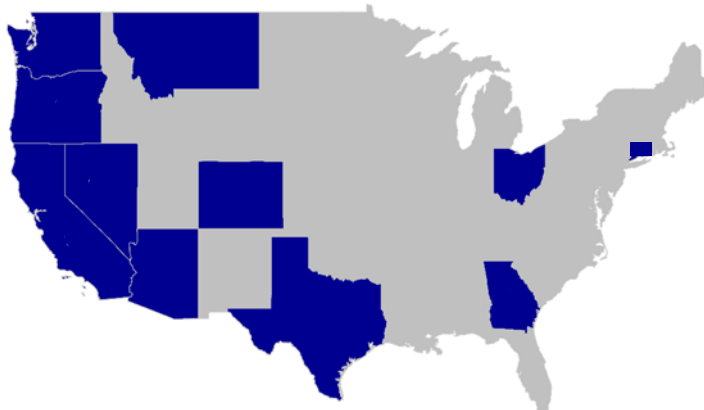
### Discretionary Capital Under Management

In 2009, Wolff raised its inaugural Wolff Real Estate Partners, L.P. ("WREP"), a \$294-million, closed-ended fund focused on the acquisition and development of multifamily assets in core and secondary markets nationally. WREP is fully invested and is projected to generate on a gross basis approximately a 27% IRR and approximately a 1.7X multiple on invested capital. This translates to an approximate net IRR of 15% to 16% and an approximate net multiple on invested capital of 1.5X. In 2012, Wolff launched Wolff Income Partners, L.P. ("WIP"), a long-dated, multifamily-only, open-ended fund focused on both the acquisition and development of core assets with little to no financial leverage. To-date, WIP has accepted approximately \$285 million in capital commitments and an \$85 million co-investment. In 2012, Wolff raised Wolff Real Estate Partners II, L.P. ("WREPII"), the \$484-million successor to its WREP fund. Similar to WREP, WREPII is a closed-ended fund focused on the acquisition and development of multifamily assets in core and secondary markets nationally. In 2014, Wolff raised Wolff Credit Partners, L.P. ("WCP"), a \$233-million, multifamily-only, closed-ended fund focused on making credit and preferred equity investments in multifamily developments and acquisitions nationally.

### Wolff's Team

The senior members of The Wolff Company have worked together for an average of 13 years and average more than 20 years of experience. Fritz H. Wolff, The Wolff Company's CEO, has been with the firm for over 20 years. Wolff employs more than 100 executives, investment professionals, analysts and operational staff that manage and control all aspects of the investment and asset management process in-house.

### Geographically Diverse Multifamily Platform



Fund Name	Fund Vintage	Total Commitments*
Wolff Real Estate Partners	2009/2010	\$330,000,000
Wolff Income Partners	2012	\$370,000,000
Wolff Real Estate Partners II	2012/2013	\$515,000,000
Wolff Credit Partners	2014	\$232,550,000

\*Represents total commitments plus estimated co-investments

#### Contacts

The Wolff Company, LLC  
 6710 E. Camelback Rd, Suite 100  
 Scottsdale, AZ 85251  
 Name: Fritz H. Wolff | CEO  
 Email: fritz@awolff.com  
 Telephone: (480) 258-3370

The Wolff Company, LLC  
 6710 E. Camelback Rd, Suite 100  
 Scottsdale, AZ 85251  
 Name: Jay Petkunas | President / COO  
 Email: jay@awolff.com  
 Telephone: (480) 258-3370

<sup>1</sup> These results represent realized returns for both Wolff's for-rent multifamily investments and its credit portfolio investments, realized from January 1, 2000 through December 31, 2014. Returns data are based on tax returns, settlement statements, property management reports, and internal reporting schedules. IRRs are calculated on a quarterly basis. These results are based on an internal compilation and have not been audited by an independent third party. Supplemental returns support is available upon request.

The Wolff Company has extensive experience as a developer of high-quality, institutional-grade multifamily communities. With a heavy focus on the western United States, The Wolff Company is currently at various stages in the development process on nearly 5,800 units with more than 4,500 units started in 2014.

### Representative Investments



**Property Name:** 12<sup>th</sup> & Olive  
**Location:** Los Angeles, CA  
**Units:** 293

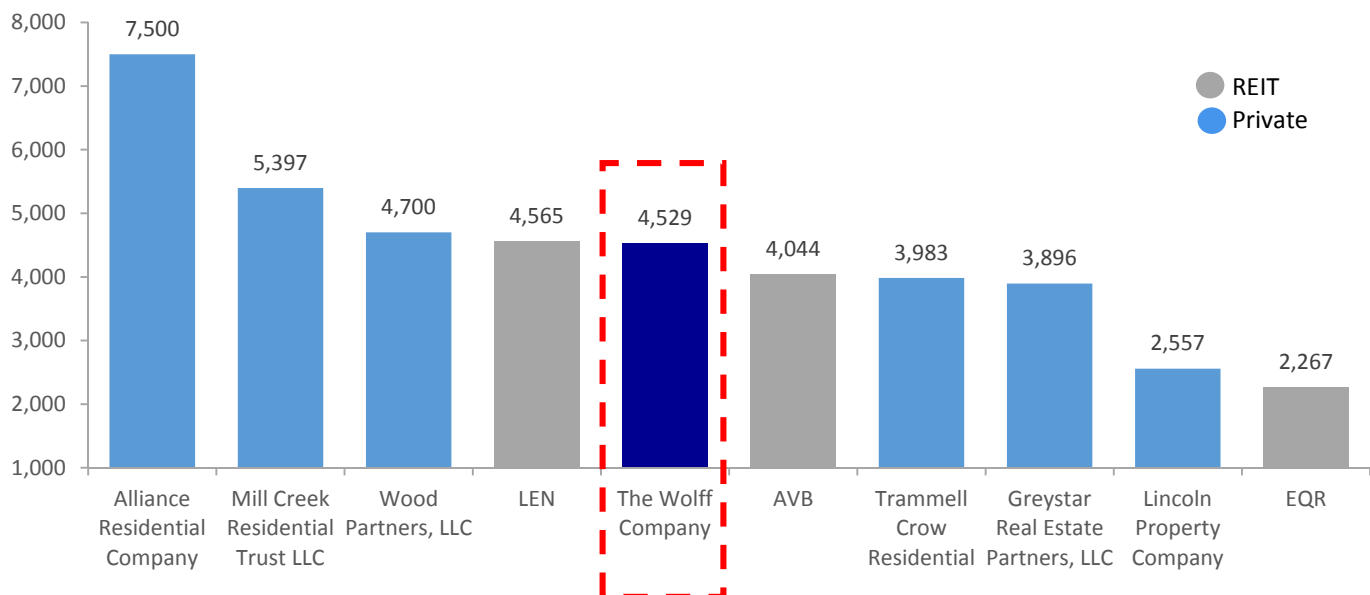


**Property Name:** Sunset Electric  
**Location:** Seattle, WA  
**Units:** 92



**Property Name:** Capstone at Vallagio  
**Location:** Englewood, CO  
**Units:** 272

### MULTIFAMILY UNITS STARTED IN 2014



Source: National Multifamily Housing Council

### Active / Fully-Realized Development Investments

- Big Trout Lodge – 521 Units; Liberty Lake, WA
- Bothell Bailey Farm – 372 Units; Bothell, WA
- Orchard at Hansen Park – 212 Units; Kennewick, WA
- Village on Broadway – 148 Units; Spokane, WA
- Whimsical Pig – 272 Units; Spokane, WA
- Pine Valley Ranch – 256 Units; Spokane, WA
- Island View – 144 Units; Richland, WA
- Badger Mountain – 176 Units; Richland, WA
- Mullan Reserve – 200 Units; Missoula, MT
- Mosaic – 240 Units; Oxnard, CA
- Vallagio – 272 Units; Englewood, CO
- Gunbarrel – 251 Units; Boulder, CO
- 12<sup>th</sup> & Grand (Grand) – 399 Units; Los Angeles, CA
- Bellevue Gateway – 353 Units; Bellevue, WA
- Sunset Electric – 92 Units; Seattle, WA
- River House I – 216 Units; Spokane, WA
- River House II – 108 Units; Spokane, WA
- Dry Creek – 360 Units; Broomfield, CO
- Columbia City – 244 Units; Seattle, WA
- Platinum Gateway – 399 Units; Anaheim, CA
- Platinum Vista – 386 Units; Anaheim, CA
- West Seattle – 88 Units; Seattle, WA
- Tempo – 235 Units; Oxnard, CA
- 8<sup>th</sup> & Republican – 208 Units; Seattle, WA
- Range Ranch – 270 Units; Santa Rosa, CA
- Pike Motorworks – 260 Units; Seattle, WA
- 12<sup>th</sup> & Grand (Olive) – 293 Units; Los Angeles, CA
- West Capitol Commons – 270 Units; Sacramento, CA
- San Jose Site – 200 Units; San Jose, CA

With a focus on thinly traded or overlooked markets, The Wolff Company is actively acquiring multifamily properties across the United States. The Wolff Company has compiled a geographically diverse portfolio of well-performing multifamily assets by targeting markets where assets can be purchased at a discount to replacement cost and areas with significant opportunity to raise rents due to substantial affordability gaps relative to alternative homeownership options in the same location.

### *Representative Investments*



**Property Name: Lincoln Place**  
**Location: Loveland, CO**  
**Units: 200**



**Property Name: Village at Town Center**  
**Location: El Cerrito, CA**  
**Units: 159**



**Property Name: Oasis Portfolio**  
**Location: Las Vegas, NV**  
**Units: 2,890 (13 Properties)**

### *Active / Fully-Realized Acquisitions*

- Sunshine Village – 90 Units; Spokane, WA
- Clocktower – 104 Units; Spokane, WA
- Renaissance at Hobble Creek – 288 Units; Boise, ID
- Boise Seasons – 120 Units; Boise, ID
- Linger Longer Lodge – 90 Units; Spokane, WA
- Lodge at Maple Grove – 154 Units; Boise, ID
- The Trails – 440 Units; Las Vegas, NV
- Crossings – 384 Units; Las Vegas, NV
- Reflections at the Lakes – 326 Units; Las Vegas, NV
- Somerfield at Lakeside – 280 Units; Sacramento, CA
- Sunrise – 85 Units; Spokane, WA
- Oakwood Club – 140 Units; Spokane, WA
- Oakbrook – 304 Units; Sacramento, CA
- Evening Creek – 139 Units; San Diego, CA
- Villas at RPV – 216 Units; Rancho Palos Verdes, CA
- Creek View – 133 Units; San Diego, CA
- Sage at Cupertino – 230 Units; Cupertino, CA
- Kimberly Place I – 212 Units; Monterey, CA
- Monaco South – 216 Units; Denver, CO
- Cypress Creek – 288 Units; Salinas, CA
- Clearwater – 60 Units; Boise, ID
- Ashton – 138 Units; Spokane, WA
- Sierra Vista – 94 Units; Lake Tahoe, CA
- Eagle Rock – 210 Units; Spokane, WA
- Grandridge – 160 Units; Spokane, WA
- Rock Pointe – 88 Units; Eagle, ID
- Lincoln Place – 200 Units; Loveland
- Six 1 Five – 79 Units; Santa Rosa, CA
- Kimberley Place II – 96 Units; Monterey,
- The Blvd – 94 Units; Stamford, CT
- The Edge – 120 Units; Davis, CA
- Big Trout Lodge – 297 Units; Liberty Lake,
- Village at Town Center – 159 Units; El Cerrito, CA
- Waterstone at Murrieta – 420 Units; Murrieta, CA
- Monte Vista – 138 Units; Morgan Hill, CA
- Spinnaker (WIP) – 107 Units; Milford, CT
- Spinnaker (WREP) – 280 Units; Milford, CT
- Broadway Place – 170 Units; Eugene, OR
- Oasis Sierra – 208 Units; Las Vegas, NV
- Chelsea Square – 312 Units; Columbus, OH
- 800 J Lofts – 225 Units; Sacramento, CA
- Oasis Portfolio – 2,890 Units; Las Vegas, NV
- Sequoia Apartments – 112 Units; Redwood City, CA
- Clear Creek Commons – 45 units; Golden, CO





INTEGRAL SENIOR LIVING

# EXPECT THE BEST.

Integral Senior Living, a senior living community management company, is founded on a philosophy that expects the best for residents, employees and owner/investors. ISL specializes in management of CCRC's, senior independent living, assisted living and memory care properties. ISL consistently demonstrates a successful balance for delivering quality senior living environments, fulfilling workplaces and targeted financial returns. For Integral Senior Living, an inherent propensity for sound business practice is nurtured by passion for taking action fueled by a strong history. When nature and nurture meet, great things can happen.



# New Ventures



## **ISL VENTURES**

In conjunction with ISL's management expertise, our affiliate, ISL Ventures, LLC is structured to act as a development partner to help plan, validate, capitalize and accelerate your project. Our team has opened over 100 new senior housing developments and has earned an impeccable reputation with years of combined experience developing and operating senior housing communities. ISL Ventures enjoys the nationally-recognized industry track record and relationships necessary to intelligently and efficiently plan, design and structure your project and to attract and secure appropriate debt and equity participants.

## **Specifically, ISL Ventures strengths include:**

- » Preparation of sophisticated yet straight forward Penetration Analyses and Competitive Market Assessments;
- » Our ability to assemble and team with highly skilled and experienced senior housing-specialized Architects, Designers and Consultants;
- » Evaluating market appropriate unit mixes that will optimize operational efficiencies, project lease-up and Net Operating Income;
- » Providing programmatic review of architectural design plans;
- » Our proprietary project-level pro forma that integrates development and construction budgets with highly-detailed operations projections;

- » Entitlement processing and community relations guidance;
- » Construction Oversight (but generally not project construction management); and
- » Pre-Opening and post-opening marketing and management.

Our business model is simple: In exchange for a promotional interest and a long-term, arms-length management contract, we will utilize the above skills to validate select projects in a manner that facilitates commitments from our capital partners and/or senior housing focused lenders with whom we enjoy strong relationships. Our promotional interests typically are structured such that we participate in project cash flow and capital event net proceeds after investors have received a negotiated preferred return on their equity. We work on a fee for services basis until projects are entitled, capitalized and commenced. At such time, and following execution of project level operating agreements, our fees are contributed back to the partnership. We are not loan or real estate brokers. However, the combination of our project validation and long term management commitment is typically an essential aspect of our equity partners' and lenders' interest. Alternatively, we have the ability, along with our capital partners, to purchase projects when the land owner, developer or sponsor prefers an early exit.

# Great companies can happen.

## **IT'S OUR BUSINESS TO MANAGE YOUR SENIOR LIVING PROJECT**

Integral Senior Living manages senior living properties - it's our business.

Everything about our company is designed to promote the profitability of your senior living community and we do that by prioritizing quality care and service for residents and enriching work environments for our employees.

We treat our third-party managed properties like they are our own with experience and expertise:

- » Dedicated Regional Teams
- » State-of-the-Art Systems
- » Company Culture that Promotes Targeted Goals
- » In-House Departments for:
  - › Sales and Marketing
  - › Accounting and Financial Services
  - › Human Resources
  - › Resident Care and Licensing
  - › Owner Relations and Reporting
- » The value to you as a property owner is in our results.



## **MISSION STATEMENT**

ISL is dedicated to the development and operation of senior living communities that create value for residents, employees and owners by providing quality senior care, a fulfilling work environment and targeted financial returns. We are passionate about senior care while providing an empowering environment that offers autonomy and personal growth.

## **CORE VALUES**

Integrity

Teamwork

Expertise

Flexibility

Results

## **VISION STATEMENT**

ISL will grow as large as our values, integrity, teamwork, expertise, flexibility and results will allow. We will listen and respond to the changing needs of our customers, employees, owners and ourselves.



# The Integral Senior Living story

In 2012 ISL celebrated it's 10 year anniversary. Over the last 13 years we aspired to create a unique kind of senior living community. Passion for quality senior care was and remains the cornerstone of the ISL philosophy.

ISL's passion for operating quality senior care communities quickly emerged as a better and different story in the industry. Senior living property owners responded.

With the client base established and rapidly growing, the ISL senior management team grew concurrently. At ISL, the company culture is lived every day. Dedicated to honoring commitments to seniors, employees and owners, ISL attracted senior managers with proven track records. An experienced and talented team, groomed and mentored in the largest senior living companies throughout the United States, has been assembled in the disciplines necessary to support client communities, including operations, resident care, marketing, human resources and accounting/finance.

With the ISL team in place, best practices and systems were established to generate targeted results at each managed property.

The ISL story of success is most poignantly demonstrated in case studies of turnarounds and new development projects over recent years.



# balanced

ISL recognizes the importance of serving the key stakeholders of each property: residents and family members, employees and owners. A balanced approach promotes service to each audience without sacrificing the interests of another.



## CASE STUDY

# TO THE RESCUE

In December 2010, a large, mostly Independent Living community in Northern California had been open for approximately 18 months and was 29% occupied and operating at a negative NOI margin. The owners needed relief and decided to bring in Integral Senior Living (ISL) as the operations management company.

There was not a single move-in for about six months prior to our management. As a result, before engaging ISL, the Owner had decided that a move-in motivator would be to offer life time rate locks to prospective residents. We were able to stop this practice soon after taking over management, effectively demonstrating to the Owner the negative, long term implications to revenue, while implementing sales and marketing methods that were more effective in driving traffic and move-in activity, as well as increasing revenue/unit.

In addition to being a large community in a small market, the community opened offering only independent living and memory care services. We quickly identified an opportunity to add assisted living services to drive more traffic and move in's, as well as retain IL residents when their care needs required a move to assisted living.

The final piece was to get the right leadership team in place to effectively lead the charge with the changes in a cohesive and effective manner. Under ISL guidance, the team has evolved into a strong unit that is reflected in the higher quality of services to the residents and greatly improved revenue and expense management.

**After one year under ISL management, census had increased by 43 units (a 60% incremental increase) and the community reported a 27% NOI margin. By year end 2014, census had increased to a total of 232 units at 99% occupied with a NOI margin of 50%.**

**Today the property delivers over \$500,000 net operating income each month.**



## CASE STUDY

# A RALLY FOR TARGETED RESULTS

In 2006, ISL took over management of three underperforming properties and a development project all located in Northern California. With the decision to transition the properties to ISL management, a rally for targeted results was immediately launched. Operating expense reduction opportunities were identified and implemented while sales efforts were revamped to drive both census and revenue. Our team led the charge to get all operations in place during the construction of the development project and successfully opened the new community in June of 2007.

Although the buildings went through many changes over the years, one constant remained; key decisions for each property were made by the Leadership and ISL Regional Teams at those buildings. These teams were allowed to implement ideas that would help build and sustain census and revenue. Their knowledge of the competitors, market conditions and professional environment in their market area were the key driving factors guiding decisions. ISL played a critical role supporting the community teams in implementing ideas and giving the guidance and framework necessary to be successful.

**ISL's leadership brought a true Sales and Service Culture to these properties. Every team member was made aware of their role in the sales process. Their day to day responsibilities geared toward creating a warm and welcoming environment for anyone who walked through the door. With ISL's guidance and support over the last seven years, these communities consistently reported strong occupancy and NOI margins, thereby significantly driving business value for ownership. In 2013 the communities were sold for \$173 million. At the time of the sale, the portfolio reported average occupancy of 90% with an average NOI margin of 43%.**

## CASE STUDY

# IMPLEMENTING CHANGES

A 156-unit assisted living and memory care community was transitioned to ISL management in early 2013 by a group that had just closed on the acquisition. Upon taking over management, opportunities for change were quickly identified and action plans were launched. We identified and implemented changes that were needed to position the community for long term success. The quality improvements were vast and included new community leadership, expense management, census development, employee morale and training, resident care assessments, policies and procedures. The community was re-branded and went through a major re-model which was completed in mid-2014.

**ISL successfully repositioned the community from its very negative reputation in the broader community and during our management grew census to 96.2 % occupancy by October 2014 from 80.8% in October 2013. With the ISL systems implemented and dedicated support by each discipline of the ISL regional team, in less than 2 years the community was sold for \$60 million at a sub 5 cap rate.**





# people-oriented

The ISL team is devoted to delivering quality service and care to seniors. From the moment a senior enters an ISL-managed property, they become part of the family. Their well-being and happiness are our priority.



## CASE STUDY

# RIGHT SIDE OF THE TRACKS

A purpose-built new property located in the Inland Empire of Southern California had consistently experienced lackluster results for more than three years under management by one of the largest senior living companies in the country. The property averaged 65% occupancy and disappointing results. The owners needed relief from low financial returns. They decided to bring ISL in as the operations management company.

ISL quickly identified a demotivated team. They did not believe in their product and lacked marketing focus.

Turnaround was initiated by infusing the team with confidence and passion for their product and service to residents.

A marketing focus now consistently results in strong occupancy. That focus also identified opportunity to convert one wing of the property to memory care, which closed the back door to residents seeking higher levels of care.

**The property consistently averages 95% occupancy.**

## CASE STUDY

# EXPENSE MANAGEMENT

When an 89-unit memory care community in the Pacific Northwest was transitioned to ISL management, the property consistently peaked at 95% occupancy, but still did not meet its debt service. The owners were feeding cash into the operation every month.

From the day the ISL team stepped in, not one more dollar of owner capital was infused. Successful turnaround was accomplished by implementing expense controls. The property now on average earns more than \$125,000 net operating income per month.

**Since ISL's operation of the property, the owners have refinanced the project twice and realized more than \$4.8 million in distribution.**



**INTEGRAL SENIOR LIVING**

# SENIOR MANAGEMENT TEAM



SENIOR MANAGEMENT TEAM

[www.isllc.com](http://www.isllc.com)





## Sue Farrow

*Founder/Owner of Integral Senior Living*

Sue Farrow, Founder/Owner of Integral Senior Living, has established the highly qualified and experienced ISL management team that she entrusts.

With decades of experience in the senior housing industry much of her experience has been in key leadership positions at senior living companies including Aegis Living, Sunrise Assisted Living and Transamerica Senior Living. Throughout her career, she has taken an active role as a key participant in the development, start up, marketing and operations within senior living. Sue is nationally known for her expertise in all phases of operations and her ability to create senior communities that are a success in the minds of residents, staff and owners alike.

Sue sits as a Board Member for the Assisted Living Federation of America (ALFA). Her education includes a Bachelors Degree in Business Administration from National University.



## Tracee DeGrande

*President and Chief Financial Officer of Integral Senior Living*

Tracee DeGrande, President/Chief Financial Officer of Integral Senior Living, takes it upon herself to share her enthusiasm and love of accounting with everyone on the management team as well as the community leadership teams. She is in charge of ISL's transaction business, and equity funding, as well as corporate finance, operational accounting, contract negotiations, insurance and strategic planning.

Over the course of her career, she has attained more than 26 years of finance experience, with the majority of those years specifically as a CFO in the senior living industry. Her strong industry and professional experience includes tenure at Aegis Living, Regency Pacific, Hillhaven Corporation (now Kindred) and Group Health Cooperative. Tracee has a Bachelor of Arts degree in accounting from Seattle University.



## Collette Valentine

*Chief Executive Officer and Chief Operating Officer of Integral Senior Living*

Collette Valentine, Chief Executive Officer and Chief Operating Officer, joined ISL in October 2010. She possesses experience in both operations and sales and marketing. In her ISL role, she provides day-to-day operations and marketing oversight for all of the communities ISL currently manages as well as overseeing our new development projects. She encourages an environment in which team members are promoted for their ability to bring resources and ideas to the team.

Prior to joining ISL, Collette was with Merrill Gardens for four and a half years, serving as Vice President of Operations. Prior to this, she was with Atria Senior Living Group. Throughout her eight year career at Atria/ARV, she held a variety of positions including: Vice President and Regional Director of Operations, Regional Sales and Marketing Director, and Executive Director and Community Sales Director at an Atria community. She began her career with Harrah's Entertainment as a Hotel Sales Manager.

She is a graduate of the University of Nevada, Las Vegas with a degree in Business Management.



## David Simon

*Partner, ISL Ventures*

David Simon brings to ISL Ventures his expertise as a real estate professional with nearly 30 years of experience. His passion and extensive knowledge are centered in the senior housing industry; a segment he has worked in for 20 years developing, expanding, acquiring, repositioning, financing, asset-managing and disposing of assisted living, memory care and independent living communities.

David maintains his 20 year relationship with Nicol Investment Company, a privately-held, internally-funded organization with a portfolio that included a diversified collection of property types. Previously his career in real estate included working for master-plan developer Barclay Associates, Inc. and Grubb and Ellis.

David's extensive asset management responsibility over the years has included responsibility for a portfolio of senior housing communities. He has been intimately involved with all aspects of asset management related to operations, marketing, budgeting, human resources, licensing, financing, expansions, entitlements, and legal matters.





## Suzanne Foley

*Senior Vice President of Human Resources of Integral Senior Living*

Suzanne Foley, Senior Vice President of Human Resources, is the pulse behind all areas of human resources and the risk management team for ISL. She brings almost two decades of human resources experience in senior housing to the job everyday and to date has developed policies for more than 100 communities nationwide. She thrives in creating the best working environment for all employees.

Throughout her career, she has developed policies and procedures for 75 assisted living and independent living properties throughout the United States; and provided human resources functions for over 5,000 employees at Sun Healthcare Group. Her talent lies in her proven success in developing, implementing and conducting human resource best practices and employee training programs. For ISL, she manages worker's compensation claims, employee training, labor relations, insures legal compliance in employee relations and oversees employee benefit programs.

Suzanne is Senior Professional Human Resources (SPHR) certified and holds a Masters Degree in Organizational Management and a Bachelors Degree in Broadcast Journalism from the University of New Mexico.



## Vince Limburg

*Vice President of Finance and Accounting of Integral Senior Living*

Vince Limburg, Vice President of Finance and Accounting, has more than 17 years of senior living management operations experience and over 10 years in restaurant hospitality and management experience.

In his current role he is responsible for the oversight for all aspects of accounting and financial reporting, including the development of budgets and business analytics to provide the communities with decision

making tools. He is also responsible for the preparation of new development's proformas. Vince holds a Bachelors Degree in Accounting from Linfield College in Oregon.



## Linda Mather

*Vice President of Resident Care of Integral Senior Living*

Linda Mather, RN, CALN, Vice President of Resident Care, has been a Registered Nurse for 29 years, spending the last 13 years working in the Assisted Living Industry. Linda has served in multiple roles including Assisted Living Director, Executive Director and Sr. Regional Nurse.

Linda began her assisted living career with Assisted Living Concepts and has also worked for Atria, Prestige Senior Living and Merrill Gardens prior to coming to ISL. She is a licensed RCFE administrator in CA and is also a licensed assisted living administrator in AZ

She holds nursing licenses in several states and is also a Certified Assisted Living Nurse. She holds a degree in Nursing from Marshall University in Huntington, WV.

## Mandy Hampton

*Divisional Vice President of Operations of Integral Senior Living*



Mandy Hampton, Divisional Vice President of Operations, has been with ISL since 2005 and presently oversees 13 different communities. Mandy epitomizes the ISL success-story, climbing from Business Office Director to Executive Director at Murrieta Gardens. She was later promoted again to Executive Director at Whittier Place where she increased census from 68% to 90% in only 7 months, leading to her latest promotion to Regional responsibilities.

Prior to joining ISL, Mandy was Controller for a medical software company overseeing their business office, accounting and human resource functions for 6 ½ years.

Mandy currently holds the California RCFE certification.

## Jason Engelhorn

*Divisional Vice President of Operations*



Jason Engelhorn, Divisional Vice President of Operations, has more than 14 years experience working in the senior housing industry.

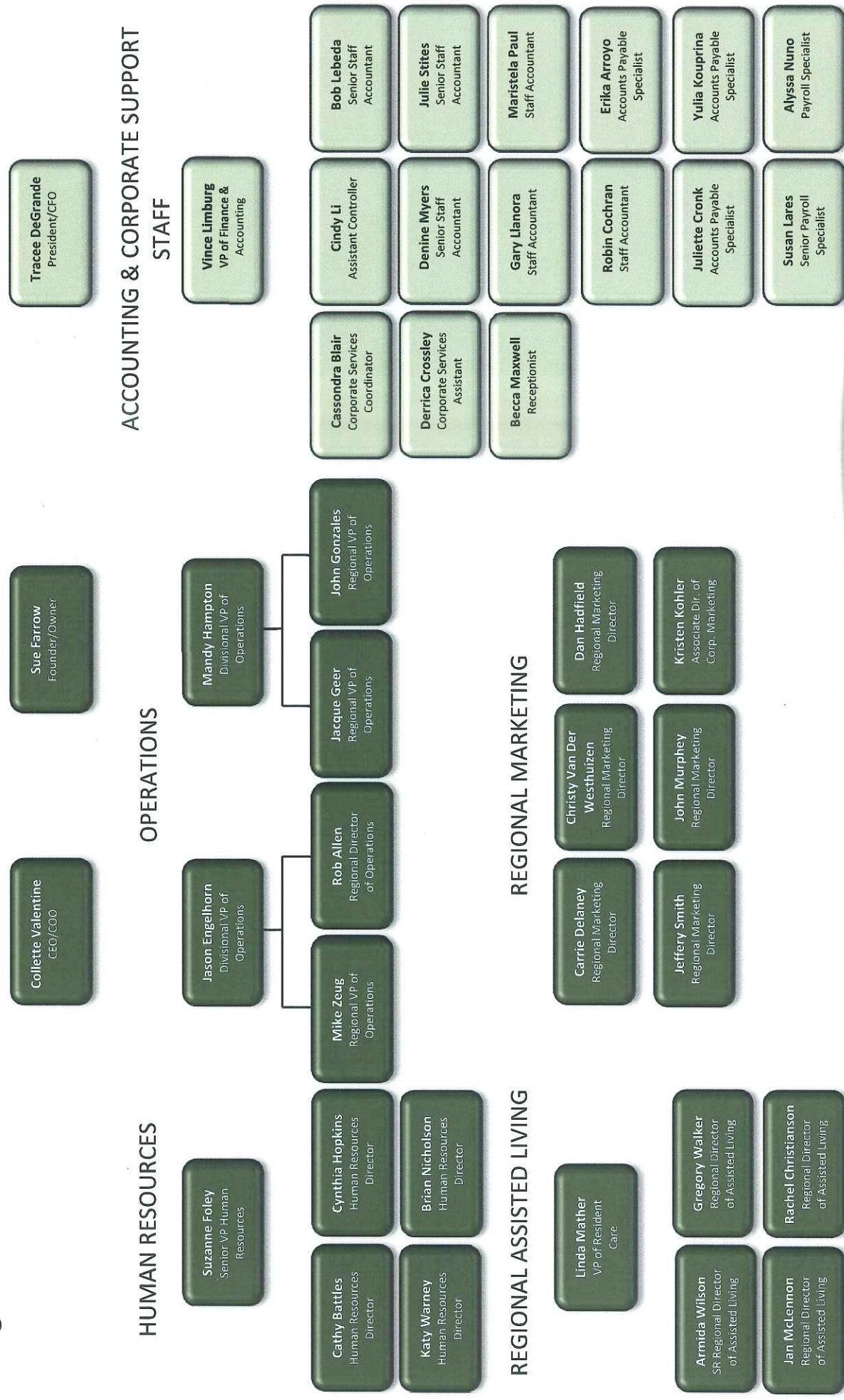
Prior to becoming a licensed RCFE Administrator over 10 years ago, Jason began his career in the senior housing industry as an Activity Director in a skilled nursing facility and then two hospital-based

skilled nursing facilities where he also performed social service and discharge planning duties. Venturing into assisted living administration, Jason found immediate success; increasing the occupancy of his first community from 83 to 100% within his first year. Jason has also been a General Manager for Merrill Gardens and an Executive Director for ARV/Atria where his community was honored as the "Best All Around" community out of its 138 community portfolio.

Jason has a Bachelor of Science Degree in Recreation Administration from California State University, Chico.



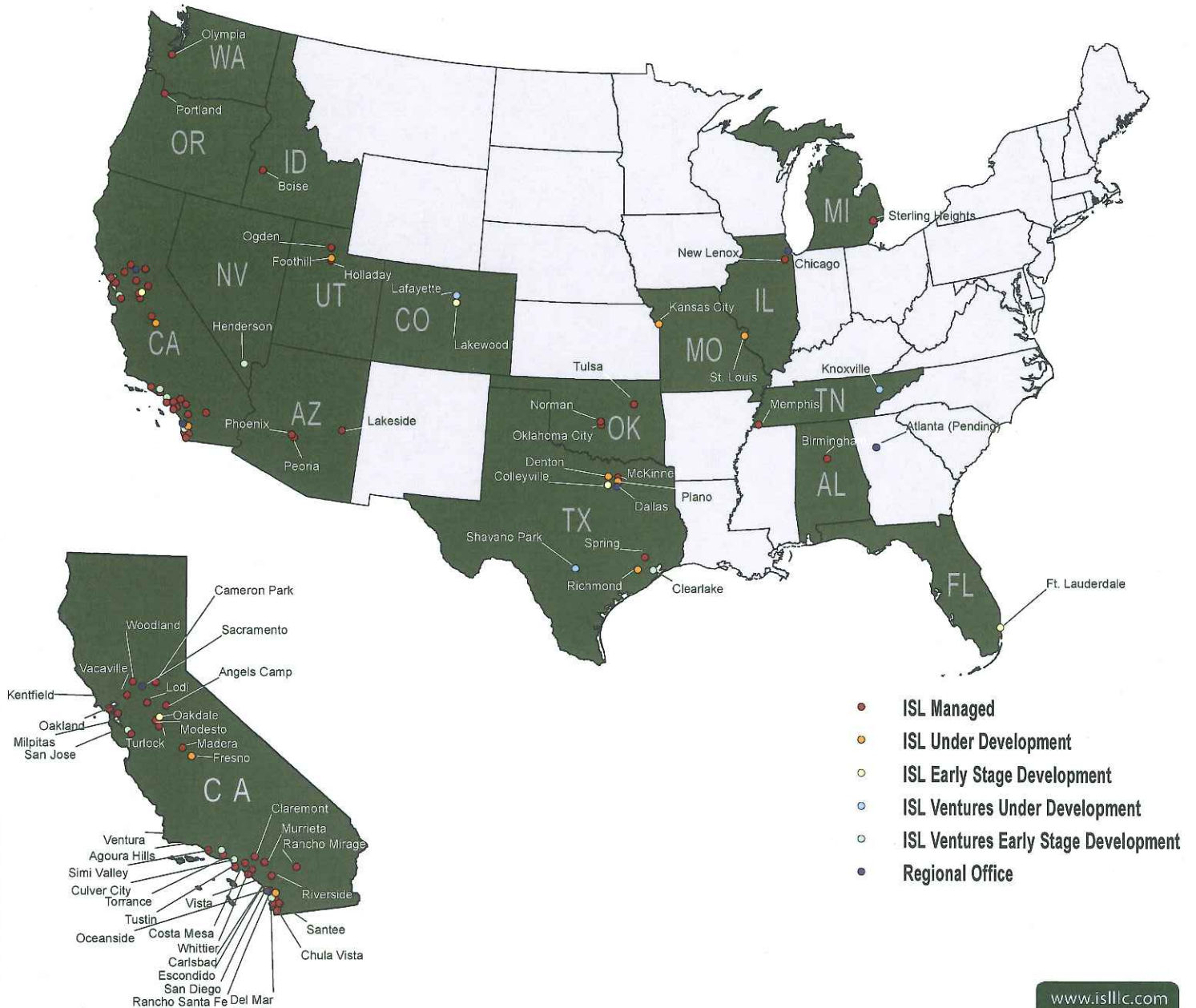
# Organizational Chart



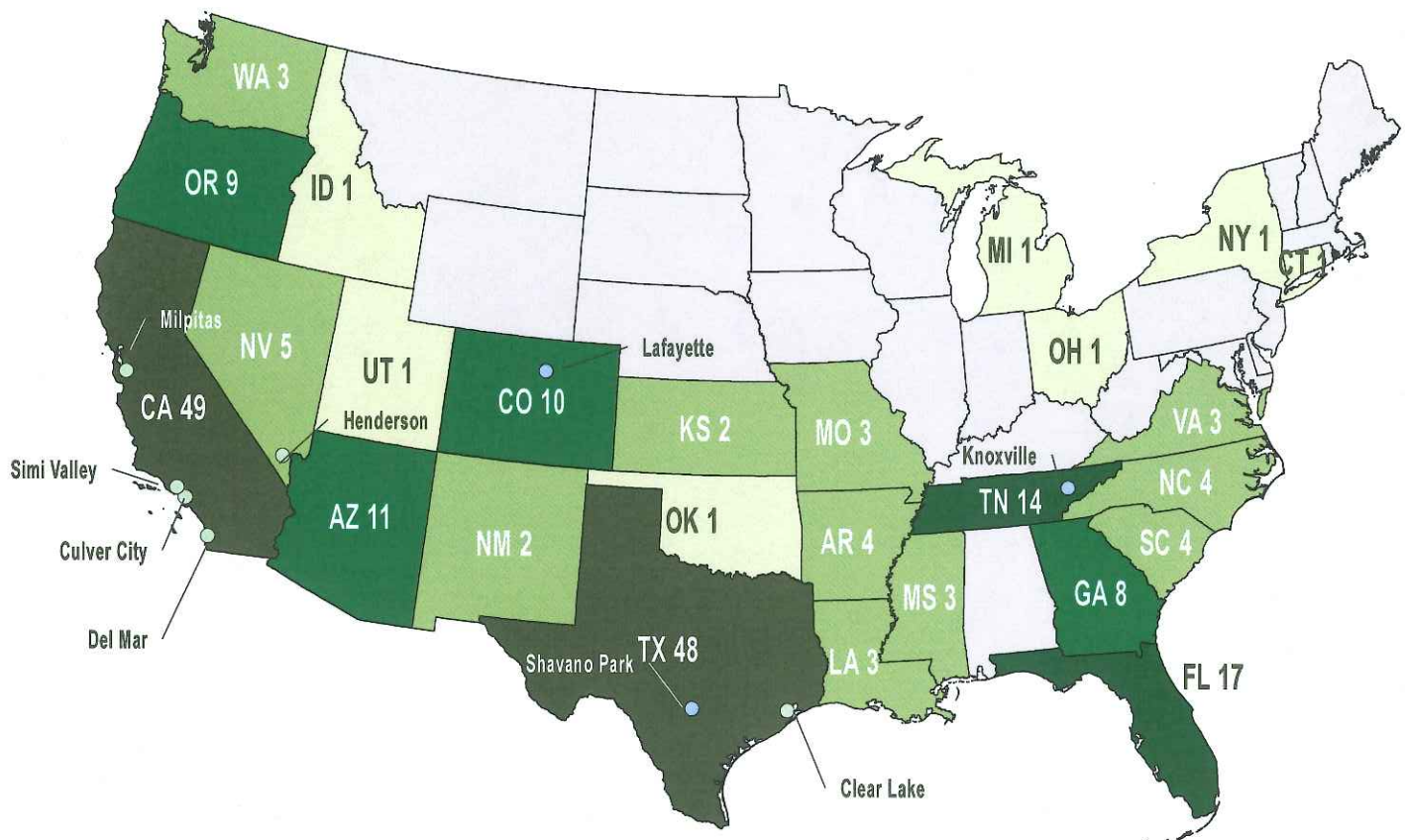


# INTEGRAL SENIOR LIVING

## Community Map



# Project Map



**Total Assessed: 210**

Total Under Development: 3 (1.5% of Assessed)

Total in Early Development: 6 (3% of Assessed)

- ISL Ventures Under Development
- ISL Ventures Early Stage Development



## INTEGRAL SENIOR LIVING

# MEMBERSHIPS, AWARDS, & ACHIEVEMENTS

Over the years, Integral Senior Living and its leadership have received numerous awards and recognition for excellence. Examples of recent awards and other notable occurrences summarized below.

## 2014

- ❖ ISL employee received the California Assisted Living Association (CALA) 2013 "Excellence in Service" award for Outstanding Executive Director for Northern California.
- ❖ Collette Valentine, Chief Executive Officer, was appointed to the California Assisted Living Association Board of Directors.

## 2013

- ❖ ISL employee received the California Assisted Living Association (CALA) 2013 "Excellence in Service" award for Outstanding Department Director for Northern California.

## 2012

- ❖ Assisted Living Federation of America (ALFA) ranked Integral Senior Living as the 17th largest senior housing operator in the nation.
- ❖ Sue Farrow, Owner, was named a semi-finalist for the Ernst & Young Entrepreneur of the Year.





# 2011

- ❖ American Senior Housing Association recognized Integral Senior Living as having the greatest percentage increase in units managed between 2010 and 2011 (77%), adding 2,130 units to its portfolio.
- ❖ ISL employees received the California Assisted Living Association (CALA) 2011 "Excellence in Service" awards for Outstanding Team Member and Outstanding Executive Director for Southern California.

# 2010

- ❖ ISL ranked 1,552 in Inc. magazine's fourth annual "Inc. 5000" list of the Nation's fastest growing private companies. The list represents a comprehensive look at the most important segment of the economy-America's independent-minded entrepreneurs. The "2010 Inc. 5000" list ranks according to percentage revenue growth when comparing 2006 to 2009.
- ❖ ISL received two awards from the National Mature Media Awards. The awards recognize ISL's exceptional work on behalf of its marketing/advertising campaign and publications. The National Mature Media Awards is the Nation's largest awards program that annually recognizes the best marketing, communications, educational materials and programs for adult's age 50 and older.
- ❖ Integral Senior Living, was named to the California Assisted Living association Board of Directors.
- ❖ Stephanie Templeton, Executive Director of Stratford of Phoenix, an ISL operated assisted living community in Phoenix, Arizona, was elected Chairman of the Board of Directors and Executive Committee for the Arizona Assisted Living Federation of America.
- ❖ Sue Farrow, Owner, was recognized by the Assisted Living Federation of America for being among the most visionary, inspiring and effective leaders.





- ❖ ALFA's Assisted Living Executive Magazine, March/April issue ranked ISL as the 24<sup>th</sup> largest assisted living operator. ISL's units under management increased by 24% from 2009 to 2010.
- ❖ Three ISL employees received the California Assisted Living Association (CALA) 2010 "Excellence in Service" award. CALA only issues six awards each year with ISL employees receiving half of the six possible awards.
- ❖ ISL ranks as the fourth largest assisted living provider in California by CALA (based on 2010 CALA Membership Directory-number of buildings operated by parent companies).
- ❖ ISL was honored with national recognition by winning the Assisted Living Federation of America's (ALFA) 2010 "Best of the Best" award for its Dining by Design program. ALFA identified the Company's extraordinary work on behalf of its innovative program.

## 2009

- ❖ The Assisted Living Federation of America (ALFA) Board of Directors appointed Sue Farrow, Owner, for a two-year term effective May 1, 2009. ALFA is the largest national association exclusively dedicated to professionally operated assisted living communities for seniors.
- ❖ Executive Director of Mountain Ridge, an ISL operated assisted living community in Ogden, Utah, was elected Secretary of the Executive Committee and member of the Board of Directors for the Utah Assisted Living Federation of America (UALA).

## 2008

- ❖ The 50-plus Housing Council Board, a special interest council of the Building Industry Association of Southern California, named Sue Farrow, Owner, 2008 SAGE Person of the Year. The SAGE Awards pay homage to the best projects, people and programs in the 50-plus housing sector and related services. The awards recognize innovative and noteworthy people and accomplishments that demonstrate the passionate commitment that improves the lives of those who are 50 years of age.







# ASSISTED LIVING SERVICES OVERVIEW

As fully licensed Assisted Living providers, our communities are governed and monitored by the respective states regulatory agencies and adhere to all statutes and regulations.

## **Services Provided/The Continuum of Care:**

As a provider of both medically and socially focused care, it is incumbent upon us to collaborate and coordinate care with a variety of service providers in order to achieve the optimal outcome for our mutual residents. In addition to our own 24 hour staff, in both Memory Care and Assisted Living we utilize a number of different resources in order to properly meet both the expected and unexpected needs of our residents.

### **Assisted Living:**

Based on the needs of the residents, we are able to offer a wide range of services both in-house and through collaboration with outside providers.

#### **In-House services (providers coming in-house) may include:**

- In house Physician visits including primary and general practitioners, Podiatrists and Physicians who specialize in pain management.
- Hospice Care which includes skilled Nursing visits, CNA visits, Medical Social Workers (MSW's), Chaplains and other ancillary and support personnel.
- Home Health including skilled Nursing visits, psychiatric Nurse visits and programming, Physical Therapy, Occupational Therapy, Speech Therapy, CNA's and MSW's.

#### **Outside services (providers who must be seen off property due to the extent of care required) may include:**

- Rehabilitation services
- Wound care clinics
- Specialty Physician's

### **Generations:**

Our memory care program is notably called "Generations". As with Assisted Living we utilize the services of a variety of ancillary providers in order to assure the best care possible for those with memory impairment. In addition to the providers listed above, for our Generations program we also rely upon the following agencies for their expertise:

- Alzheimer's Association
- Walk Away Program
- American Society on Aging
- A variety of in and out of house support groups



INTEGRAL SENIOR LIVING



Due to the vulnerable population residing in Generations, our communities utilize some safety measures above and beyond what is required in assisted living. These include but may not be limited to the following:

Beginning with the assessment process, staff works with a number of tools to best assure the appropriateness of potential residents. This includes a review of the initial Physician's report, hospital/rehab or Skilled Nursing Center records, conversations with staff and family members, Mini Mental State Exam (MMSE), a Pre-placement appraisal where applicable, medication reviews, a functional assessment and resident interviews and observation.

In addition to the above precautions there are also additional physical plant safety measures such as:

- Delayed egress
- Alarmed doors inside the community
- Alarmed doors leading from enclosed outdoor activity areas (secured perimeter)

### **Staffing and Training:**

#### Assisted Living:

In order to meet the complex needs of our residents, we hire a variety of both licensed and unlicensed support personnel. They include Nurses, CNA's, Administration, dietary and kitchen staff, bookkeeping and maintenance staff. We have staff on duty 24 hours a day 7 days a week. The number of staff on duty at any given time is strictly dependent on the needs and acuity of the residents which allows us to be very flexible and responsive while assuring the ratio of care staff to residents is manageable and directly related to the needs of the residents.

All direct care staff go through rigorous training prior to being allowed to provide direct care. This training includes but is not limited to the following:

- Resident Rights
- Resident Abuse and mandated reporting
- Psychosocial needs of the elderly
- Emergency protocols
- Change of condition
- Medication assistance which is a combination of 16 hours of didactic and hands on training
- The aging process and special needs of the elderly
- Techniques of personal care service
- CPR and First Aid
- Transfers and lifting
- End of life care

In addition to the training outlined above, all direct care staff is trained by our nurses in emergency response protocols and monitoring for changes of condition for both acute and chronic illnesses within the scope of their practice and regulatory guidelines.

In order to assure the highest training standards, we also require our assisted living staff to complete the dementia training requirements at time of hire and annually thereafter.

Annually all direct care staff is required to have a minimum of 4 hours which we far exceed by holding in-service training at least monthly.



### Generations:

In addition to all of the requirements above, our Generations care staff must complete additional training hours based on specific state regulations. This training includes but is not limited to the following:

- Communication techniques
- Promoting resident dignity
- Common behaviors
- Use of medications in dementia care
- Therapeutic interventions
- Assisting with ADL's
- Activities and programming
- End of life issues and care

Our memory care staff also goes through the communities Generations training which is an in-depth program developed in conjunction with a certified expert in the field of dementia care. This program takes the staff through the etiology and pathophysiology of dementia and the different levels of dementia. It further trains staff on the power of activities, environment and the underlying person centered care that makes our program unique.

### Transitions:

Another crucial element in the continuum of care is the Transitions Program which can be offered in a community. This program is specifically designed for residents in the early stages of dementia or even late stages of mild cognitive impairment (MCI) and is intended to create a bridge from assisted living to memory care. These residents live in assisted living while spending the majority of their day participating in the Transitions program. This begins just after breakfast and typically would end around the evening meal. These residents spend most of their late morning and afternoon participating in small, meaningful staff directed activities geared specifically for their cognitive and physical abilities. These activities are a combination of cognitive, physical and psychosocial. An activity program of this caliber should be regarded as a disease modifying intervention, since a premium activity program can actually replace a pharmacological intervention for many residents with memory impairments. Current research suggests the participants in a specially designed program may even be able to extend the length of time residing in an Assisted Living community by as much as 1-2 years.

The final piece in the continuum of care for our mutual residents is the community's relationship with local hospitals, Skilled Nursing centers and Rehabilitation centers. These relationships are crucial as they allow for a comprehensive array of health services spanning many levels of intensity of care. While as a fully licensed assisted living and memory care community our staff works to provide necessary care to a variety of medically complex residents in house, a close partnership with our more acute care providers has numerous benefits for our residents.

A few benefits of such a partnership are:

- The ability to closely follow mutual residents providing for ease of transition thus minimizing the risk of transfer trauma while promoting optimal outcomes.
- Close collaboration between Physicians, Discharge Planners and community staff
- Continuity of care
- Consistent and improved communication leading to less risk of re- hospitalization and fewer trips to the emergency room



INTEGRAL SENIOR LIVING





# ISL MARKETING OVERVIEW

Integral Senior Living supports each community by designating a specific support team to each community. The team is chosen by the needs for a community as we believe each person has specific strengths that can be an asset to different areas. This team consists of a Regional Vice President (RVP), Regional Assisted Living Director (RALD), Regional Marketing Director (RMD), and a Regional Human Resource Director (HR). Our philosophy is that by designating a specific team, we can provide ongoing support without interruption. We believe being present in a community is the best support we can provide and given our regional structure we are able to provide numerous visits to a community throughout the month. After each visit made, an overview of that visit is distributed to the community as well as the regional team to ensure there is constant communication.

- **Regional Vice President/Regional Director of Operations (RVP/RDO):** The role of the RVP is to work with the Executive Director to oversee all operational aspects of the community, ensuring census goals are achieved and NOI is maximized.
- **Regional Assisted Living Director:** The role of the RALD is to oversee the care needs within the community. They act as a support to the entire care department; ensure that state licensing requirements are being met, policy & procedures are in place, and that we are maximizing our care fees through resident assessments. The RALD is either a RN or a LVN.
- **Regional Marketing Director:** The role of the RMD is to provide support in all areas marketing related. The RMD works primarily with the Marketing Director to complete marketing plans, advertising schedules, outside sales plans, and proper database management. The RMD provides trainings such as First Impressions, Concierge Training, Tour Training, and other trainings that an individual community requires.
- **Regional Human Resources:** HR wears many hats in each community. They provide employee relations support, trainings that are required through state licensing, and benefits support.

The Regional Marketing Director's focus is to support all of the marketing efforts in the community. The RMD works directly with the Executive Director and Community Marketing Director to reach and maintain a high occupancy through developing a marketing plan. The marketing plan is considered a living document that is reviewed consistently to guarantee the continued growth of the community in both census and revenue. The RMD makes certain to perfect any area of the building that could potentially lead to poor first impressions or a lost sale. This can be done through trainings, role playing, shadowing, and performing the job functions for the Marketing Director to simulate. Professional referral relationships are a large part of the referrals that we want to receive at the community. It is the RMD's role to work with the CMD to provide support to develop and continue the professional relationship with the proper professional sources. As there are specific guidelines when putting costs towards advertising campaigns and direct mail pieces, the RMD, with the team, develops the proper message we want to deliver to the public. A consistent and detailed marketing plan that is followed at the community level by the entire management team leads to great success.





## Pre-Leasing Efforts:

Once the management agreement is signed the pre-leasing marketing efforts go into effect. Those are as follows:

- **Determining a pre-leasing marketing budget:** Allocate funds to specific areas in the pre-leasing budget to developing a brand prior to opening.
- **Develop brand:** When developing a brand we ask ourselves these questions; What is the need for the area? What will help us stand out from our competition? How do we want to position ourselves in the market? In each location there may be additional questions that will be specific to that market that we will want to answer prior to determining our name and logo. Developing a brand includes determining the community name, developing a logo, and building the collateral package.
- **Competitive Shops:** A community will not be successful if they are not aware of what their competitors are doing. How are they selling against us? What are their points of difference? A specific format for the Competitive Marketing Analysis (CMA) is used so we can compare all competitors next to each other. The CMA focuses on prices, square footage, occupancy, care fees and what is provided with these fees. Throughout the entire pre-leasing process, this should be completed on an ongoing basis to ensure we are constantly aware of our position within the market.
- **Marketing Plan:** A detailed marketing plan is developed to cover the following areas:
  - **Pre-Leasing Events:** Dates and types of events are determined to create awareness of the new community; we want to always be top of mind with the public. Examples of events we do prior to opening are:
    - **Dusty Shoes/Hard Hat Event:** This style of event is done when the community is still in the construction phase. It creates a picture of what is to come by using design boards to show the style of the community, renderings, and floor plans. This event has a fun twist as guests are given hard hats to walk the community and we have a time for questions to be answered.
    - **Luncheons & Informational Seminars:** What is important to prospects is that they can touch and feel the project, and one way of doing this is by hosting lunch and learns. During these luncheons, there is an opportunity for food to be tasted that is indicative of what they would see in the community. During these luncheons we will also do an informational presentation.
    - **VIP Open House:** Gaining excitement from city officials and key people in the area is one way to ensure support and word of mouth of the community. Once the building is complete, but prior to receiving our certificate of occupancy, a VIP Open House is conducted. This event is an opportunity for guests to tour the finished community, receive recognition from the Chamber of Commerce, and obtain press presence.
    - **VIP Open House for Public:** As we have built a database prior to this event, we invite everyone to our open house. We will also do a direct mail piece to a targeted demographic to increase attendance. Creating a theme for the event makes it more enticing and exciting. Themes that have been successful are a wine tour, 50's style event, car show, etc.
  - **Direct Mail:** In order to have a successful direct mail campaign there must be at least 3 drops, all containing the same message but possibly a different call to action. When determining who to target, we take into account the community's price point. We then detail the drop by age, income, and zip code range. A tracking number is added to the pieces to determine the success.
  - **Advertising:** This is a continued way to brand the community and to also have a presence in the local market. Initially we use a third party company to help determine the best publications for the area and to also ensure we receive the best possible pricing. As with the direct mail piece, we use a similar campaign and change out the call to action for a 4-6 month period. This helps brand the community so when our advertisement is noticed the subscriber immediately relates the piece to the community. A tracking number is added to the advertising to measure its success.



INTEGRAL SENIOR LIVING

- **Outside Sales:** Once an Executive Director (ED) and Marketing Director (CMD) are in place (ED comes on first) then an outside sales plan is developed. We start with a 15 mile radius then expand accordingly while developing relationships within the market. The initial goal of outside sales is to educate the professionals about the community. Scheduling lunches, educational seminars, and cold calling is a constant effort. As there is nothing to tour initially, using a laptop that has virtual tour capabilities and renderings is a great way to see what is to come. We work with the team to join networking and professional organizations in the local area. Important people we look to target are:
  - Local Physician Offices
  - Hospitals
  - Skilled Nursing & Rehab Centers
  - Senior Centers
  - Senior Apartments
  - Local Senior Organizations
  - Local Congregations
- **Press Releases:** We work with a third party consultant who assists with our press releases. Initially submitting press releases about the community and who we are is important. As time continues, we submit press releases that are educational, focusing on the founder's club, new residents, and invitations to events.
- **Pre-Leasing Marketing Office:** This comes in all forms such as a trailer, model completed, or office that is local to the site. The office will house both Executive Director and Marketing Director up until the community is completed. Office should contain renderings, design board, virtual tour (if possible), and all developed collateral pieces. Ideal situation would be to have a discovery area located in the marketing office that is free of an office feeling such as computers, printers, etc. This is where the CMD can do proper discovery, digging deeper into the prospects needs, and developing a relationship.

### **After Community Opening Marketing Efforts**

Once the community has opened its doors, the pre-leasing marketing efforts continue but they are now more specific in regards to events, professional relationships, and offerings at the community.

- **Marketing Plan:** The marketing plan consists of multiple areas for each quarter. The specific titles for each area are:
  - Annual Calendar: This is a quick at a glance calendar for the entire year. This should be used at the weekly marketing meetings to make sure pre-planning is taking place.
  - Census: It is important for the marketing director to understand where their current occupancy is in relation to the budgeted numbers.
  - Outside Sales: Focuses on who the top targeted professionals are that quarter. Important that outside sales is not limited to these only, but this specific professional list should be targeted weekly with specific objectives.
  - Quarterly Events: This takes the annual calendar for a specific quarter delving into a specific quarter with more detail such as: Who is our target audience? What is our budget? What are our deadlines?
  - Media: Detailed description on all paid media publications we are currently advertising in. This also gives deadlines for artwork and cost per advertisement.
  - Press Releases: Press releases need to be completed in advance and sometimes take multiple attempts with publications to be picked up. This part of the marketing plan is given to our consultant so she can develop relationships and also stay on top of upcoming events.



- **Mystery Shops:** Using an outside source to give us a perspective from the prospects view is crucial in the marketing process. We use a third party company to perform mystery shops on both the community and competitors. This is done at least twice a year and can increase depending on the need for each individual community. A specific format is used for each shop and the same shopper completes for both community and competitor, thus helping maintain a consistent view point.
- **Competitive Shops:** These continue to be important after the community opens for many of the same reasons as during pre-leasing. It is important for the Executive Director and Marketing Director to visit the competitors quarterly as well as update their Competitive Marketing Analysis twice a year. The RMD ensures these are updated every March and August. They are done in March because many rates get increased at the beginning of the year: Has this affected occupancy? Have they been able to maintain these rates? They are done in August because we are getting ready to budget for the upcoming year: Are we able to push rates and by how much? How would our increased rates be compared to our competitors?
- **Press Releases:** PR can be expanded upon once the doors have opened. We now have a large number of residents that have personal stories that can be fascinating to the public. We also are able to expand on the events that are offered at the community. This is a specific tab within the marketing plan as this is part of the formula for keeping our community top of mind at all times.
- **Events:** As mentioned above we are now able to expand on our styles of events that can be held within the community. Seeking out professional sources that need a space to host meetings, offering a monthly marketing event that invites our database, families, and public into the community, and professional events that provide us the opportunity for them to tour the community.



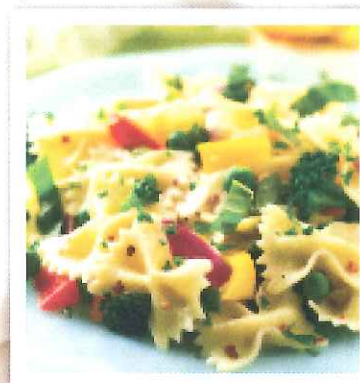
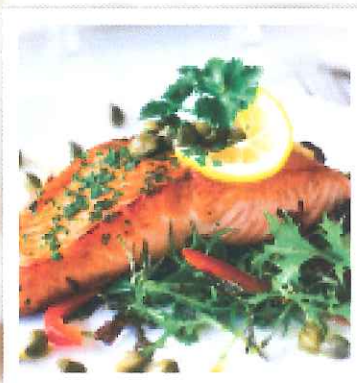
DINING BY

*design*

## Award-Winning Dining Program



Dining by Design received Assisted Living Federation of America's (ALFA) 2010 prestigious "Best of the Best" award for the innovative dining program.



Integral Senior Living understands that social interaction, eating habits and overall well-being are enhanced by a dining experience that is filled with good food, good conversation and an inviting atmosphere. With this in mind, Integral Senior Living developed Dining by Design.

Resident input to Dining by Design has been positive. From anytime dining, to signature dishes served with well-rounded food choices, to upgraded printed materials and customer service, residents are enjoying the Dining by Design program.

Integral Senior Living is dedicated to refining aspects of resident lifestyles and understands that social interaction, nutrition and overall well-being are affected by a satisfying dining experience amongst residents, families and their extended network of caregivers.



## **INTEGRAL SENIOR LIVING & ISL VENTURES**

# New Development Projects

The Integral Senior Living senior management team boasts extensive experience in new development projects, totaling more than 100 properties.

## **Integral Senior Living/ISL Ventures**

### **Early Stage Development**

Culver City, California (ISLV)  
Del Mar, California (ISLV)  
Milpitas, California (ISLV)  
Simi Valley, California (ISLV)  
Henderson, Nevada (ISLV)  
Houston, Texas (ISLV)  
Oakdale, California  
Lakewood, Colorado  
Ft Lauderdale, Florida  
Colleyville, Texas

### **Under Development**

Lafayette, Colorado (ISLV)  
Knoxville, Tennessee (ISLV)  
San Antonio, Texas (ISLV)  
Escondido, California - 2 properties  
Fresno, California  
Oceanside, California  
Rancho Santa Fe, California  
Kansas City, Missouri  
St Louis, Missouri  
Denton, Texas  
Plano, Texas  
Richmond, Texas  
Shavano Park, Texas  
Foothill, Utah



## **INTEGRAL SENIOR LIVING & ISL VENTURES**

# New Development Projects

### **Open and ISL Managed**

Costa Mesa, California  
Santee, California  
Torrance, California  
Portland, Oregon  
McKinney, TX  
Holladay, Utah

### **ISL Opened and Previously Managed**

Belton, Texas  
Copperas Cove, Texas  
Hewitt, Texas  
Carmichael, California  
Lafayette, California  
Longmont, Colorado

### **ISL Senior Managment Experience**

#### **Camlu Retirement Apartments**

Ft. Smith, Arkansas  
Austin, Texas  
El Paso, Texas  
Kerrville, Texas  
San Antonio, Texas  
San Marcos, Texas

#### **Sunrise Assisted Living**

Bellevue, Washington  
Bonita, California  
Carlsbad, California  
Danville, California  
Denver, Colorado – 2 properties  
Fresno, California  
La Jolla, California  
Mission Viejo, California  
Oakland, California  
Petaluma, California  
Seal Beach, California  
Studio City, California  
Woodland Hills, California





## **INTEGRAL SENIOR LIVING & ISL VENTURES**

# New Development Projects

### **ARV Assisted Living/Atria Senior Living**

Irvine, California  
Stockton, California  
Las Vegas, Nevada – 3 properties  
Reno, Nevada  
Albuquerque, New Mexico  
New York, New York

### **Aegis Assisted Living**

Alameda, California  
Aptos, California  
Carmichael, California  
Chino Hills, California  
Concord, California  
Corte Madera, California  
Dana Point, California  
Escondido, California  
Fremont, California  
Fremont (Aegis Gardens), California  
Granada Hills, California  
Laguna Niguel, California  
Moraga, California  
Napa, California  
Oceanside, California  
Pleasant Hill, California  
San Francisco, California  
San Rafael, California  
Santa Rosa, California  
Ventura, California  
Las Vegas, Nevada  
Bothell, Washington  
Edmonds, Washington  
Issaquah, Washington  
Kent, Washington  
Kirkland, Washington  
Lynnwood, Washington  
Northgate (Seattle), Washington  
Redmond, Washington  
Shoreline, Washington - 2 properties  
Totem Lake, Washington



**INTEGRAL SENIOR LIVING & ISL VENTURES**

# New Development Projects

## **Sun Healthcare AL—Sunbridge**

13 properties in:  
Washington  
Georgia  
Nevada  
California  
Texas  
Kansas  
Colorado  
Minnesota

## **Conservatory Senior Living**

Keller, Texas  
Plano, Texas  
Dallas, Texas  
Houston, Texas

## **Capital Senior Living**

Mesquite, Texas  
Plano, Texas  
Pantego, Texas

## **Merrill Gardens**

San Diego, California  
Henderson, Nevada

## **Life Care Services**

Austin, Texas



[www.isllc.com](http://www.isllc.com)



# ISL Portfolio Overview

Community Name	City	State	Type of Community (IL, AL, MC, NC, CCRC - EF, CCRC - Rental)	Total Units	IL Units	AL Units	MC Units
Arbor Senior Living	Lodi	CA	IL	96	96	0	0
Casa Aldea	San Diego	CA	Senior Apts	120	120	0	0
Cedar Creek	Madera	CA	IL/AL/MC	112	44	56	12
Claremont Place	Claremont	CA	AL/MC	76	0	46	30
Clayton Oaks	Richmond	TX	AL/MC	98	0	73	25
Cottonwood Place	Holladay	UT	AL/MC	120	0	88	32
Courtyard Park	Portland	OR	AL/MC	85	0	73	12
Courtyard Plaza	Portland	OR	IL	199	199	0	0
Cranbrook of Tustin	Tustin	CA	AL/MC	84	0	66	18
Cypress Place AL	Ventura	CA	AL	76	0	48	28
Cypress Place IL	Ventura	CA	IL	76	76	0	0
Denton	Denton (under construction)	TX	AL/MC	107	0	75	32
Felicita	Escondido (under construction)	CA	AL/MC	87	0	49	38
Foothill Village	Angels Camp	CA	IL/AL/MC	65	49	16	0
Garden Courte	Olympia	WA	MC	60	0	0	60
Kingston Bay	Fresno (under construction)	CA	AL/MC	96	0	72	24
Lantern Crest	Santee	CA	AL/MC	80	0	44	36
Lantern Crest II	Santee	CA	IL/AL	102	83	19	0
Meadowbrook	Agoura	CA	AL/MC	156	0	117	39

# ISL Portfolio Overview

Community Name	City	State	Type of Community (IL, AL, MC, NC, CCRC - EF, CCRC - Rental)	Total Units	IL Units	AL Units	MC Units
Mission Hills at Rancho Mirage	Rancho Mirage	CA	AL/MC	124	0	65	59
Montecito Peoria	Peoria	AZ	IL/AL	195	107	88	0
Mountain Ridge	Ogden	UT	AL/MC	108	0	80	28
Murrieta Gardens	Murrieta	CA	AL/MC	63	0	48	15
The Cottages at New Lenox	New Lenox	IL	AL/MC	80	0	18	62
Overland Court Senior Living	Boise	ID	AL/MC	115	0	61	54
Palm Gardens	Woodland	CA	AL/MC	65	0	49	16
Paramount Court Senior Living	Turlock	CA	AL/MC	81	0	62	19
Paramount House Senior Living	Vacaville	CA	AL/MC	81	0	66	15
Plano	Plano (under construction)	TX	AL	92	0	92	0
Ponte Palmero Retirement Village	Cameron Park	CA	IL/AL/MC	233	61	137	35
Rambling Oaks Assisted Living	Norman	OK	AL	70	0	70	0
Rambling Oaks Courtyard	Oklahoma City	OK	AL/MC	63	0	43	20
Regency of Evergreen Valley	San Jose	CA	AL/MC	100	0	80	20
Shavano Park	San Antonio (under construction)	TX	AL/MC	68	0	40	28
Solterra	Lakeside	AZ	IL	54	54	0	0
Solterra TWO	Lakeside	AZ	AL/MC	58	0	50	8
Spring Creek Village	Spring	TX	AL/MC	108	0	60	48
Stratford at Beyer Park	Modesto	CA	AL/MC	87	0	73	14



# ISL Portfolio Overview

Community Name	City	State	Type of Community (IL, AL, MC, NC, CCRC - EF, CCRC - Rental)	Total Units	IL Units	AL Units	MC Units
Stratford at Phoenix	Phoenix	AZ	AL/MC	148	0	116	32
The Arbors	San Diego	CA	AL/MC	87	0	56	31
The Point at Rockridge	Oakland	CA	AL/MC	146	0	117	29
The Village at Stonebridge	McKinney	TX	AL/MC	107	0	75	32
Town Village at Sterling Heights	Sterling Heights	MI	IL	221	221	0	0
Town Village of Audobon Park	Memphis	TN	IL	175	175	0	0
Town Village of Vestavia Hills	Birmingham	AL	IL	221	221	0	0
Town Village at Tulsa	Tulsa	OK	IL	198	198	0	0
Villa Bonita	Chula Vista	CA	AL/MC	127	0	112	15
Village at Stonebridge	McKinney	TX	AL/MC	107	0	75	32
Vista Del Lago	Escondido (under construction)	CA	MC	52	0	0	52
Vista Village	Vista	CA	AL/MC	90	0	73	17
Vivante	Costa Mesa	CA	AL/MC	185	0	145	40
Welbrook - Arlington	Riverside	CA	AL/MC	202	202	0	0
Welbrook - South Bay	Torrence	CA	AL/MC	109	0	70	39
Whittier Place	Whittier	CA	AL/MC	90	0	58	32
Windchime of Marin	Kentfield	CA	MC	36	0	0	36
<b>PORTFOLIO TOTALS</b>	<b>56</b>			<b>6,113</b>	<b>1,932</b>	<b>2,967</b>	<b>1,214</b>
Percentage Allocation by Service Type					32%	49%	20%